

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 MC-02 ACDA-05 AID-05 EB-07 COME-00

TRSE-00 SAJ-01 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

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R 231315Z JAN 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 6625

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

USMISSION GENEVA

USMISSION NATO BRUSSELS

USMISSION UN NEW YORK

S E C R E T SECTION 1 OF 2 STOCKHOLM 0391

E.O. 11652: GDS

TAGS: PARM, PFOR, MASS, XG

SUBJECT: DEPARTMENTAL STUDY OF CONVENTIONAL ARMS SUPPLY RESTRAINTS

REF: STATE 4313 (NOTAL)

1. SUMMARY. EMBASSY STOCKHOLM BELIEVES THE SWEDISH GOVERNMENT  
WOULD BE AMBIVALENT TOWARDS A US INITIATIVE TO CONVENE AN

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INTERNATIONAL CONFERENCE OF MAJOR ARM SUPPLIERS TO DISCUSS

GUIDELINES FOR ARMS SALES, BUT THAT IF INVITED, IT WOULD GO ALONG, HOPING TO USE CONFERENCE TO PROMOTE SWEDISH INTERESTS IN SIGNIFICANT CUTBACK FIRST AND FOREMOST IN US AND SOVIET NUCLEAR ARMAMENTS, AND IN ASSURING THAT RESTRAINTS ON CONVENTIONAL ARMS WOULD NOT PENALIZE SO-CALLED "LIBERATION" MOVEMENTS AND "PROGRESSIVE" REGIMES IN THE THIRD WORLD. IN LONG-RANGE PERSPECTIVE, THE SWEDISH GOVERNMENT MUST RECONCILE ITS POLICIES TOWARDS INTERNATIONAL ARMS TRANSFERS WITH INTEREST IN CONTINUED VIABILITY OF SWEDISH DEFENSE INDUSTRIES. THIS VIABILITY IS BASIC TO SWEDEN'S POLICY OF NON-ALIGNMENT IN PEACE AND NEUTRALITY IN WAR BUT TRADITIONAL SWEDISH POLICY IS INCREASINGLY CHALLENGED BY TECHNOLOGICAL, ECONOMIC, SOCIAL AND POLITICAL FORCES TENDING TO IMPOSE OTHER ALTERNATIVES. THESE INCLUDE (A) POSSIBLE EVENTUAL RENUNCIATION OF ATTEMPTING TO MAINTAIN AN INDEPENDENT DEFENSE AND DETERRENT CAPABILITY WITH RESPECT TO THE USSR OR (B) INCREASED COOPERATION IN ARMS PRODUCTION EITHER WITH AMERICAN INDUSTRY OR WITH EUROPEAN COMPANIES, PRIMARILY FRENCH AND ENGLISH. ISSUES INVOLVED IN CONVENTIONAL ARMS RESTRAINTS ARE EXTREMELY SENSITIVE IN, AND IMPORTANT TO, SWEDEN. WE BELIEVE GOS WOULD WELCOME OUR UNDERTAKING PRELIMINARY BILATERAL DISCUSSIONS RE POSSIBLE INTERNATIONAL CONFERENCE, OR ALTERNATIVE ARRANGEMENTS, WITH FOREIGN MINISTRY. END SUMMARY.

2. SWEDISH ROLE. COMPARED WITH OTHER SMALLER EUROPEAN STATES, SWEDEN HAS EXCEPTIONALLY WELL-DEVELOPED DOMESTIC ARMS INDUSTRIES. SWEDISH CLAIM IS THAT WHILE SWEDEN'S DEFENSE EXPENDITURE IS NOT WORLD'S HIGHEST IN TERMS OF PERCENTAGE OF GNP, SWEDISH PER CAPITA DOLLAR EQUIVALENT EXPENDITURE ON DEFENSE IS AMONG WORLD'S HIGHEST. ARMS EXPORTS IN 1970'S HAVE THUS FAR AVERAGED LESS THAN ONE PERCENT OF TOTAL EXPORTS (ABOUT 0.7 PERCENT). CHIEF EXPORTERS INCLUDE BOFORS (ANTI-AIRCRAFT GUNS, ANTI-TANK MISSILES, AIRCRAFT MISSILES AND ROCKETS), SAAB-SCANIA (AIRCRAFT AND FIRE CONTROL SYSTEMS), L.M. ERICSSON (RANGE FINDERS), NORMA (AMMUNITION), FFV (ANTI-TANK RIFLES). EXPORTS HAVE GONE PRINCIPALLY TO NORDIC NEIGHBORS AND EUROPEAN NEUTRALS, INCLUDING NORWAY, FINLAND, DENMARK, AUSTRIA AND SWITZERLAND. TOTAL VALUE OF THESE SALES SINCE 1954 RANGE DOWNWARD FROM ABOUT \$90 MILLION (DENMARK) TO \$27 MILLION (FINLAND). LEADING THIRD WORLD PURCHASERS HAVE BEEN PAKISTAN, INDONESIA AND INDIA, BUT TOTAL SALES TO ANY ONE THIRD WORLD COUNTRY HAVE NOT YET EXCEEDED \$10 MILLION.

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3. SPECIAL CASE. THE MOST IMPORTANT SINGLE ARMS SALE SITUATION FOR SWEDEN IS THE SAAB-SCANIA VIGGEN FIGHTER-BOMBER, WITH ITS SOPHISTICATED AMERICAN COMPONENTRY. EVAPORATION OF THE PROSPECTIVE SALE OF THE VIGGEN TO NATO COUNTRIES HAS LEFT INDIA AND AUSTRALIA AS POSSIBLE CUSTOMERS.

4. SWEDISH ATTITUDES. SWEDISH FOREIGN POLICY GIVES GREAT

EMPHASIS TO EFFORTS ON THE BEHALF OF ARMS CONTROL AND DISARMAMENT, PRIMARILY UNDER UNITED NATIONS' AUSPICES. STATEMENTS DEPLORING THE SPREAD OF WEAPONS THROUGHOUT THE WORLD BUT MOST PARTICULARLY BY THE "SUPER-POWERS" ARE STANDARD BOILERPLATE IN SPEECHES BY SWEDISH REPRESENTATIVES AND IN THE OUTPUT OF THE GOVERNMENT-SPONSORED STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE (SIPRI). THIS EMPHASIS HAS BROAD SUPPORT AMONG ALL SWEDISH POLITICAL PARTIES AND THE POPULATION AT LARGE. PROPONENTS OF SWEDISH ARMS SALES, IN THE INTEREST OF THE SWEDISH ECONOMY OR SELF-DEFENSE CAPABILITY, EXIST BUT THEY ARE RARELY HEARD FROM IN THE MEDIA. CRITICS OF SWEDISH ARMS SALES ARE SOMEWHAT MORE VOCAL, AND INCLUDE LEFT-WING MEMBERS OF THE RULING SOCIAL DEMOCRATIC PARTY AND SEVERAL OF SWEDEN'S MORE INFLUENTIAL NEWSPAPERS (DAGENS NYHETER AND AFTONBLADET).

5. SWEDISH RESTRICTIONS. SWEDEN'S MORALISTIC AND POLITICAL HOSTILITY TOWARDS ARMS SALES FINDS EXPRESSION IN A SERIES OF PRINCIPLES AND PRACTICES, LAST PROMULGATED IN PARLIAMENTARY COMMITTEE DOCUMENTS ISSUED IN 1971. THESE PRINCIPLES AND PRACTICES INCLUDE:

- PERMIT REQUIRED-FOR ALL FOREIGN ARMS SALES;
- PEACETIME SALES PERMITTED TO NORDIC NEIGHBORS (INCLUDING NATO NORDIC STATES) AND EUROPEAN NEUTRALS;
- AD HOC, POLITICALLY-BASED APPROACH WITH RESPECT TO EXPORTS EXPORTS TO OTHER COUNTRIES;
- BAN ON EXPORTS TO STATES ENGAGED IN ARMED CONFLICT, STATES INVOLVED IN INTERNATIONAL CONFLICT THAT THREATEN TO LEAD TO ARMED CONFLICT, STATES HAVING INTERNAL ARMED DISTURBANCES, STATES WHERE ARMS MIGHT BE USED TO SUPPRESS HUMAN RIGHTS;

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FM AMEMBASSY STOCKHOLM  
TO SECSTATE WASHDC 6626  
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AMEMBASSY THE HAGUE  
AMEMBASSY VIENNA  
USMISSION GENEVA  
USMISSION NATO BRUSSELS  
USMISSION UN NEW YORK

S E C R E T SECTION 2 OF 2 STOCKHOLM 0391

-- FLEXIBILITY TO DISTINGUISH BETWEEN ARMS OF A  
DEFENSIVE NATURE AND OTHER ARMS, AND WITH RESPECT  
TO EXPORT OF SPARE PARTS FOR MATERIALS FOR WHICH  
LICENSE GRANTED EARLIER.

DESPITE SOME CONTROVERSIAL SALES, SUCH AS RECENT CASE OF SAAB-SCANIA  
PROPELLER-DRIVEN OBSERVATION/LIAISON/TRAINER "SUPPORTER"  
AIRCRAFT TO PAKISTAN, ALLEGEDLY USED AGAINST DISSIDENTS IN  
BALUCHISTAN, SWEDISH RESTRICTIONS HAVE SEVERELY LIMITED SWEDISH  
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ARMS EXPORTS TO THIRD WORLD COUNTRIES. SWEDISH MILITARY  
AND INDUSTRIAL PERSONALITIES DISAPPOINTED WITH SWEDISH RESTRICTIVE-  
NESS COMMONLY ASSERT THAT "SWEDEN CAN ONLY SELL WAR MATERIAL TO  
BIYERS HAVING NO CONCEIVABLE NEED FOR THEM."

6. EUROPE. SWEDISH AND SOVIET-BLOC PLICIES OPERATE EFFEC-  
TIVELY TO EXCLUDE EASTERN EUROPE FROM SWEDISH ARMS SALES. IN  
EARLY 1975, THE SWEDISH GOVERNMENT GAVE UNUSUAL EMPHASIS TO  
FACT THAT FLEXIBLE SWEDISH EXPORT RESTRAINTS WOULD IN FACT  
PERMIT CONTINUANCE OF VIGGEN DELIVERIES TO NATO COUNTRIES  
INVOLVED IN WAR. NEVERTHELESS, STANDARD GOVERNMENT POSTURE  
IS THAT GOS AS OVERNMENT DOES NOTHING TO ENCOURAGE OR  
FACILITATE SWEDISH ARMS SALES, EVEN TO NON-CONTROVERSIAL  
CUSTOMERS. IN FACT, HOWEVER, REAL POSTURE IS MORE AKIN TO  
BICYCLIST WHOSE HEAD STAYS STEADY BUT WHOSE FEET PEDAL  
VIGOROUSLY.

7. THIRD WORLD. THE SOCIAL DEMOCRATIC GOS HAS GIVEN STRONG

MORAL AND CONSIDERABLE NON-WEAPON ASSISTANCE TO SO-CALLED "LIBERATION" MOVEMENTS AND "PROGRESSIVE" THIRD WORLD REGIMES INCLUDING NORTH VIETNAM, MPLA, FRELIMO AND CUBA. MORAL CONSISTENCY MIGHT SEEM TO PERMIT ARMS AID AS WELL, WHICH WOULD HOWEVER, BE INCONSISTENT WITH EXPORT GUIDELINES DEXRIBED ABOVE. SOVIET ARMS DELIVERIES TO SWEDISH FAVORITES WHO ARE ENGAGED IN COMBAT AND WHO SUPPRESS HUMAN RIGHTS HAVE HELPED THE SWDDISH GOVERNMENT TO FOLLOW POLVUCT SOMETIMES LABELLED "SELECTIVE MORALITY." GOS FREQUENTLY CRITICIZES SUPER-POWERS FOR THEIR NUCLEAR WEAPONS POLICIES BUT AVOIDS SPECIFICALLY CONDEMNING SOVIET ARMS TRANSFERS TO THIRD WORLD MOVEMENTS AND REGIMES. IF PROPOSED US INITIATIVE FOR INCREASED CONTROLS ON TRANSFER OF CONVENTIONAL WEAPONS WERE TO BE CRITICIZED BY THIRD WORLD RADICALS AS CONFRONTATIONAL AND DISCRIMINATORY, GOS COULD BE EXPECTED TO REFLECT SUCH CONCERNS AND TO CATER TO THEM.

8. CONCLUSIONS. GOS CAN BE EXPECTED TO REACT POSITIVELY TO PRINCIPLE OF RESTRAINING CONVENTIONAL ARMS TRANSFERS, BUT TO ACCOMMODATE ITS SUPPORT TO ITS THIRD WORLD POLICIES AND TO ITS PRIMARY EMPHASIS ON PROMOTING NUCLEAR DISARMAMENT. DESPITE SOME INTEREST IN ARMS SALES ON THE PART OF GOS, AND STRONG INTEREST AMONG MILITARY AND INDUSTRIAL LEADERS PREPONDERANT INFLUENCE IN GOS IS HELD BY MEN WHO WOULD  
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RATHER INHIBIT ARMS TRANSFERS BY SUPER-POWERS THAN SEE INCREASED SWEDISH SALES. GOS COULD BE EXPECTED TO FAVOR ASSOCIATING CONVENTIONAL ARMS CONTROL INITIATIVES WITH UN. EMBASSY BELIEVES IT WILL BE USEFUL TO SEEK SWEDISH PRELIMINARY VIEWS ON QUIET, CONFIDENTIAL BASIS.  
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